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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/639,478	08/15/2000	Robert Franklin Carey	12672US01	9992

7590 12/05/2003  
Ronald E Larson Esq  
500 W Madison Street 34th Floor  
Chicago, IL 60661-2511

EXAMINER

ROSEN, NICHOLAS D

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 12/05/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/639,478

Applicant(s)

CAREY, ROBERT FRANKLIN

Examiner

Nicholas D. Rosen

Art Unit

3625

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 09 October 2003.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 15 August 2000 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. §§ 119 and 120

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 13) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.
- a) ☐ The translation of the foreign language provisional application has been received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413) Paper No(s) \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

Art Unit: 3625

Claims 1-20 have been examined.

***Response to Traversal of Official Notice***

Applicant has traversed Examiner's taking of official notice. Specifically:

In rejecting claim 11, Examiner took official notice that pooled investment vehicles (e.g., mutual funds and unit investment trusts) are well known. In response to Applicant's traversal, Examiner calls attention to the articles by Roush and Liscio, made of record in the first Office action. The Roush article mentions unit investment trusts a type of pooled investment vehicle), and teaches that they offer advantages over mutual funds (another type of pooled investment vehicle). The Liscio abstract also mentions unit investment trusts. Examiner also makes of record the *Dictionary of Finance and Investment Terms*, pages 453-454, where the definition of "Pool" teaches (under "Investments," sense 1) pooled investment vehicles.

In rejecting claim 13, Examiner took official notice that it is well known to create investment accounts comprising securities. In response to Applicant's traversal, Examiner makes of record the article by Longo ("Advisers vs. Brokers: What's in a Name?"), which teaches creating investment accounts; the anonymous *Economic Times* article ("TD Waterhouse to Bring Net Broking to India via JV with Tata Securities"), which teaches creating investment accounts containing securities; the anonymous *Taiwan Economic News* article ("Polaris Securities Permitted to Trade in Japanese Stocks for Clients"), which teaches creating investment accounts with stocks;

Art Unit: 3625

and the *Dictionary of Finance and Investment Terms*, page 551, where the definition of "Security" (in the sense of "Investment") teaches that stocks are securities.

In rejecting claim 14, Examiner took official notice that it is well known to use computer-readable media (e.g., floppy disks, optical disks, etc.) bearing computer programs containing instruction steps such that upon installation of an appropriate computer program in a general purpose computer (such as is disclosed by Fried, column 2, line 60, through column 3, line 6), the computer becomes capable of performing the instruction steps. In response to Applicant's traversal, Examiner makes of record Harvey et al. (U.S. Patent 5,335,277), which teaches loading and executing a program from a computer-readable medium (column 15, lines 28-50); and also Epstein et al. (U.S. Patent Application Publication 2003/0105672), which teaches loading and executing a program from a computer-readable medium to enable a computer to carry out a method in electronic commerce (paragraphs 63 and 64).

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Fried (U.S. Patent 6,035,286) in view of the article, "Dow Dogs Will Have Their Day, Fans Say Critics Call Strategy Overused, Outdated Dogs of 1997 Lost Their Bite," hereinafter

Art Unit: 3625

"Dow Dogs." As per claim 1, Fried discloses a method for selecting securities from a group of available securities for an investment portfolio, the method comprising: collecting the dividend yields and buyback ratios (column 2, lines 8-22; column 4, lines 17-25); and ranking at least some of said available securities according to predetermined criteria comprising a predetermined relationship to said collected buyback ratios to form a group of ranked securities (column 4, lines 35-57). Fried does not expressly disclose ranking the securities according to collected dividend yields as well as collected buy back ratios, but "Dow Dogs" teaches ranking securities by dividend yield (second paragraph, beginning "The Dow dogs"; ninth through eleventh paragraphs, beginning "Miami Beach money manager"). Also, "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends (eighteenth paragraph, beginning "Helping to undermine"). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined criteria comprise a predetermined relationship between dividend yields and buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

Fried does not expressly disclose selecting at least some of the ranked securities to form a group of selected securities, but "Dow Dogs" teaches selecting at least some ranked securities to form a group of selected securities (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to select at least some of the ranked securities to form a

Art Unit: 3625

group of selected securities, for the stated advantage of investing in a portfolio of securities thought likely to outperform the market.

As per claim 2, Fried discloses that said group of available securities comprises the Dow Jones Industrial Average (column 3, lines 31-40), which is well known to be made up of 30 stocks (see "Dow Dogs," second paragraph).

As per claim 3, Fried does not disclose that said predetermined relationship comprises the sum of said collected dividend yields and said collected buyback ratios, but "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends (eighteenth paragraph, beginning "Helping to undermine"). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined relationship comprise the sum of dividend yields and buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

As per claim 4, Fried does not disclose that said predetermined criteria consist only of said predetermined relationship between said collected dividend yields and said collected buyback ratios, but does disclose that the predetermined criteria can consist of only the buyback ratio (column 4, lines 6-14), or of only a relationship involving the buyback ratio and price/earnings ratio (column 4, lines 35-37 and 44-50); "Dow Dogs" teaches using the dividend yield as sole criterion (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the predetermined criteria to consist only of said

Art Unit: 3625

predetermined relationship between said collected dividend yields and said collected buyback ratios, for the obvious advantages of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question, and avoiding unneeded complications.

As per claim 5, "Dow Dogs" teaches that selecting comprises selecting a predetermined number of said ranked securities (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to select a predetermined number of ranked securities, for the obvious advantage of striking a balance between the higher risk of investing in few securities and the difficulty of outperforming the market when investing in many securities.

As per claim 6, "Dow Dogs" teaches that said predetermined number is 10 or less (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the predetermined number to be 10 or less, for the obvious advantage of striking a balance between the higher risk of investing in few securities and the difficulty of outperforming the market when investing in many securities.

As per claim 7, "Dow Dogs" teaches purchasing at least some of said group of selected securities to form a group of purchased securities (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to purchase at least some of said group of selected securities to form a group of purchased securities, for the obvious advantage



Art Unit: 3625

of profiting from an investment in securities judged likely to outperform the market average.

Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of Liscio ("Splitting Shares: Using the Americus Trusts to Boost Blue-Chip Returns" [Abstract]) and Roush ("FoM Joins New Investment Trust"). Fried does not disclose creating a unit investment trust comprising said purchased securities, but unit investment trusts are well known, as taught by Liscio and Roush. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create a unit investment trust comprising said purchased securities, for the obvious advantage of saving on commissions as compared to each investor attempting to buy a basket of securities for himself, and for the stated advantages, as compared to mutual funds, of lower administrative costs and fees (Roush) and allowing exchanges without tax consequences (Liscio).

Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried, "Dow Dogs," Liscio, and Roush as applied to claim 8 above, and further in view of Brown ("Tax Changes May Dog 'Beating the Dow' Strategy"). Fried does not disclose that the percentages of said purchased securities are approximately equal, but Brown teaches that the percentages of purchased securities in a "Dogs of the Dow" investment strategy are approximately equal. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the percentages of

purchased securities to be approximately equal, for the obvious advantage of avoiding the risk of investing too heavily in any one security.

Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried, "Dow Dogs," Liscio, and Roush as applied to claim 8 above, and further in view of Liberman ("Fund Group Unveils Index-Linked Unit Investment Trusts That Use a Dogs-of-the-Dow Strategy"). Fried does not disclose that said unit investment trust has a life of 13 months or more, but Liberman teaches a unit investment trust that has a life of 13 months or more (final paragraph). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the unit investment trust to have a life of 13 months or more, for the stated advantage of possible favorable capital gains [tax] treatment.

Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of official notice. Fried does not disclose creating a pooled investment vehicle comprising said purchased securities, but official notice is taken that pooled investment vehicles (e.g., mutual funds and unit investment trusts) are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create a pooled investment vehicle comprising said purchased securities, for the obvious advantage of saving on commissions as compared to each investor attempting to buy a basket of securities for himself.

Claim 12 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of the article "Van

Kampen Sells 'Dow Dog' Annuity," hereinafter "Van Kampen." Fried does not disclose creating a variable annuity comprising said purchased securities, but "Van Kampen" teaches this (see especially first paragraph). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create a variable annuity comprising said purchased securities, for the obvious advantage of providing an investor with an income for the remainder of his life.

Claim 13 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of official notice. Fried does not expressly disclose creating an investment account comprising said purchased securities, but official notice is taken that it is well known to create investment accounts comprising securities. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create an investment account comprising said purchased securities, for the obvious advantage of enabling investors to conveniently invest in securities believed to be likely to outperform the market average.

Claim 14 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 1 above, and further in view of official notice. Fried does not expressly disclose a computer-readable medium bearing a computer program containing instruction steps such that upon installation of said computer program in a general purpose computer, the computer is capable of performing the method of claim 1. However, official notice is taken that it is well known to use computer-readable media (e.g., floppy disks, optical disks, etc.) bearing computer programs containing instruction

Art Unit: 3625

steps such that upon installation of an appropriate computer program in a general purpose computer (such as is disclosed by Fried, column 2, line 60, through column 3, line 6), the computer becomes capable of performing the instruction steps. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to use a computer-readable medium bearing a computer program containing instruction steps such that upon installation of said computer program in a general purpose computer, the computer was capable of performing the method of claim 1, for the obvious advantage of enabling a general-purpose computer such as Fried discloses to perform a method such as that disclosed by Fried.

Claims 15-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Fried (U.S. Patent 6,035,286) in view of article, "Dow Dogs Will Have Their Day, Fans Say Critics Call Strategy Overused, Outdated Dogs of 1997 Lost Their Bite," hereinafter "Dow Dogs." As per claim 15, Fried discloses apparatus for selecting securities from a group of available securities for an investment portfolio, the apparatus comprising: a memory storing the dividend yields and buyback ratios of said group of available securities (column 2, lines 8-22; column 3, lines 7-23; column 4, lines 17-25); a processor programmed to rank at least some of said available securities according to predetermined criteria comprising a predetermined relationship to said collected buyback ratios to form a group of ranked securities (column 2, line 60, through column 3, line 6; column 4, lines 35-57); and an output unit indicating in human readable form at least some of said ranked securities (column 4, lines 44-56). Fried does not expressly

Art Unit: 3625

disclose ranking the securities according to collected dividend yields as well as collected buy back ratios, but "Dow Dogs" teaches ranking securities by dividend yield (second paragraph, beginning "The Dow dogs"; ninth through eleventh paragraphs, beginning "Miami Beach money manager"). Also, "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends (eighteenth paragraph, beginning "Helping to undermine"). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined criteria comprise a predetermined relationship between dividend yields and buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

As per claims 16-20, claims 16-20 are closely parallel to claims 2-6, respectively, and rejected on essentially the same grounds.

### ***Response to Arguments***

Applicant's arguments filed October 9, 2003, have been fully considered but they are not persuasive. Applicant traverses Examiner's combination of the Fried patent with "Dow Dogs" on the ground that selecting criteria for buying stocks is generally acknowledged to be extremely difficult, and "no one seems to have the answers." Examiner agrees that selecting criteria for buying stocks that will consistently outperform the market is extremely difficult, but that is not the same as saying that there are no theories and teachings on the matter. There are such theories and teachings, of which Fried and "Dow Dogs" are examples, and therefore a claim which is obvious in

Art Unit: 3625

view of these prior art teachings may properly be rejected. To say that, for purposes of patent law, a claim is obvious in view of the prior art is not the same as saying that the method of that claim will obviously be more profitable than alternative methods of selecting securities. In fact, Applicant has not proven that his strategy for selecting securities will reliably outperform alternative strategies, or outperform the S&P 500 Index.

Applicant argues that both Fried and "Dow Dogs" teach away from the invention, but Examiner disagrees. Fried and "Dow Dogs" merely fail to teach, individually, doing exactly what Applicant claims as his invention, but do not teach that doing thus is useless or harmful, nor do they teach anything incompatible with carrying out Applicant's invention. In particular, while Applicant argues that Fried mentions price yield only in the context of identifying a buyback subset of stock to which the price/yield ratio or price/earnings ration is applied, it may be noted that Applicant's claim 1 recites only "a predetermined relationship between said collected dividend yields and said collected buyback ratios to form a group of ranked securities," without specifying what the relationship must be.

Next, regarding the criteria for making a combination, Applicant argues that there is no suggestion or motivation to combine the references, being unsatisfied with Examiner's "obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question." Examiner replies that the motivation is suggested by "Dow Dogs" (and other articles of record which teach the "dogs of the Dow" strategy). "Dow Dogs" teaches that the strategy has historically

outperformed the S&P 500 (paragraph 10), and that following it has the advantages of a higher dividend yield, and owning stocks that may bounce (paragraph 11). Thus, owning stocks with a high ratio of paid-out earnings (in the form of dividends) to stock prices is expected to be advantageous. "Dow Dogs" also teaches that corporate managers have become more likely to buy back stock instead of paying out dividends (paragraph 18), suggesting that the strategy maybe modified to include stock buybacks in paid-out earnings. Fried, of course, also teaches that buying stocks with high buyback ratios is likely to be advantageous, as such stocks are reported to outperform the market (column 1).

Essentially the same arguments apply to claim 3 as to claim 1. No single reference exactly teaches what the claim recites, but it is held to be obvious over the references, based on both the elements they teach, and their teachings of motivation.

Regarding claim 4, Applicant argues that Fried does not teach or suggest (in column 4, lines 6-14) that criteria can consist of only the buyback ratio. Examiner replies that in that section, Fried discloses selecting a subset of stocks based only on their buyback ration over a chosen time period. In Fried's invention, it is possible to go on to rank the subset of stocks based on other criteria, but this is not necessary.

Examiner has made references of record (and called attention to references already of record) in response to Applicant's traversals of official notice. It is held that all taking of official notice were proper, in view of those references.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Harvey et al. (U.S. Patent 5,335,277) disclose signal processing apparatus and methods. Epstein et al. (U.S. Patent Application Publication 2003/0105672) discloses a method and apparatus to facilitate payment over a computer network.

The Dictionary of Finance and Investment Terms discloses definitions of "pool" (pages 453-454) and "security" (page 551). The anonymous article, "Polaris Securities Permitted to Trade in Japanese Stocks for Clients," discloses opening investment accounts to buy stocks. Longo ("Advisers vs. Brokers: What's in a Name?") discloses creating investment accounts. The anonymous article, "TD Waterhouse to Bring Net Broking to India via JV with Tata Securities," discloses opening an investment account comprising securities.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Nicholas D. Rosen, whose telephone number is 703-305-0753. The examiner can normally be reached on 8:30 AM - 5:00 PM, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins, can be reached on 703-308-1344. (Wynn Coggins is currently on assignment elsewhere in the Patent Office; the examiner's acting supervisor, Jeffrey Smith, can be reached at 703-308-3588.) The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306. Non-official/draft communications can be faxed to the examiner at 703-746-5574.



Art Unit: 3625

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

*Nicholas D. Rosen*  
**NICHOLAS D. ROSEN**  
**PRIMARY EXAMINER**

November 28, 2003